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**Cambodia Microfinance Association**

## Press Release

### **Microfinance Sector Ignites Record Growth for Cambodian Riel in 2023**

**Phnom Penh, 25 March 2024:** The Cambodian microfinance sector has emerged as a transformative force in the national economy, championing an impressive surge in the adoption and use of the Khmer Riel (KHR) in 2023. Led by the efforts of the National Bank of Cambodia (NBC), the members of the Cambodia Microfinance Association (CMA) have spearheaded a shift towards strengthening the local currency, reinforcing its role and resilience within Cambodia's economic structure.

A landmark achievement has been realized as the sector reported that 25% of its loans and 16% of deposits are now denominated in Riel. These figures are indicative of a growing confidence in the national currency, greatly surpassing the benchmarks previously set by regulatory bodies. The initiative has not only fostered robust confidence in the Riel but also showcased the sector's commitment to enhancing its prominence in the country's financial ecosystem. The total loan balance in Cambodian Riel escalated to an unprecedented KHR 5.56 trillion. Furthermore, the volume of Riel deposits at Microfinance Deposit-taking Institutions (MDIs) has swelled to KHR 1.52 trillion, signaling a notable shift in the public's saving habits toward the local currency.

Under the stewardship of the National Bank of Cambodia and collaboration with the Cambodia Microfinance Association and other stakeholders, extensive efforts have been made to broaden the public's understanding and embrace of the Riel. Initiatives focusing on improving financial literacy, advocating for adopting digital transactions in Riel, and highlighting the advantages of a vigorous local currency system have been critical. These endeavors have paved the path toward establishing a more inclusive and durable financial environment nationwide.

Nita Dith, Chairperson of the Cambodia Microfinance Association, highlighted the strategic importance of these initiatives. "The comprehensive approach that our members adopted in 2023 was designed to elevate the Riel's role in our financial transactions and to deepen our community's relationship with our national currency. This effort is crucial for creating an inclusive and resilient financial ecosystem."

The influence of microfinance loans on the Cambodian economy has been significant, touching upon various sectors such as households, commerce, agriculture, and beyond. "Our targeted interventions across these sectors have not only propelled economic activity but also emphasized the microfinance sector's integral role in supporting Cambodia's developmental ambitions," Dith commented. These actions underscore the sector's commitment to catalyzing broad-based economic development.

The remarkable growth in transactions through Cambodia's Bakong payment system, with a 3.4-fold increase in Riel transactions, significantly outstripping those in US dollars, underscores a year of unparalleled success for the national currency. This leap forward symbolizes a concerted push towards cementing the Khmer Riel's position as a preferred medium of exchange, bridging the gap between digital and traditional commerce. It's a clear indication of Cambodia's journey towards economic self-sufficiency and sustainability.

Reflecting on the achievements of 2023, the efforts of the microfinance sector, steered by the members of the Cambodia Microfinance Association, have significantly bolstered the Khmer Riel. These initiatives have especially enhanced the currency's role and trustworthiness, marking a critical milestone. Such progress promises not only to solidify Riel's position but also to catalyze Cambodia's economic expansion. Last year's accomplishments laid the groundwork for a future ripe with economic opportunities, forecasting a vibrant era of growth for Cambodia.

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